

Message Text

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ORIGIN AID-59

INFO OCT-01 NEA-10 ISO-00 IGA-02 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01

SPC-03 SS-20 USIA-15 ACDA-19 IO-14 TRSE-00 OMB-01

EB-11 COME-00 SNM-02 SPM-01 XMB-07 /204 R

DRAFTED BY ASIA/NET/T:CGBUCK:CF

APPROVED BY ACTING SECRETARY

NEA - MR SISCO

AA/ASIA - MR MACDONALD

NEA - MR DAVIES

NEA/TUR - MR DILLON

ASIA/DP -MR SHAKOW

S/S - DWMILLER

----- 092935

R 110331Z DEC 73

FM SECSTATE WASHDC

TO AMEMBASSY ANKARA

C O N F I D E N T I A L STATE 241820

E.O. 11652: GDS

TAGS: SGEN, TU, XF

SUBJ: ECONOMIC AID TERMINATION

REF: ANKARA 8939

1. WE APPRECIATE YOUR ANALYSIS AND RECOMMENDATIONS ON
FUTURE AID TO TURKEY AS PART OF CONTINUING DIALOGUE IN
PREPARATION FOR DISCUSSIONS WITH AA/ASIA MACDONALD IN
ANKARA.

2. WE WHOLEHEARTEDLY AGREE THAT IN VIEW TURKEY'S GREATLY
IMPROVED ECONOMIC POSITION DECREASING AID RESOURCES WOULD
BE BETTER INVESTED IN MORE NEEDY COUNTRIES. TERMINATION
OF LARGE AID CAPITAL TRANSFERS ALSO WILL DO MUCH TO PHASE
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DOWN GOT RELIANCE ON CONCESSIONAL ASSISTANCE AND STRENGTHEN

ITS TIES TO MORE COMMERCIAL CAPITAL SOURCES.

3. WE CONCUR WITH YOUR RECOMMENDATION THAT THE AID PROGRAM AS IT IS NOW STRUCTURED AND MANAGED SHOULD BE PHASED OUT. NO LOAN OR GRANT COMMITMENTS TO SUPPORT NEW U.S. MISSION-DIRECTED PROGRAMS SHOULD BE MADE AFTER FY 1975 WITH ONLY SUCH POSSIBLE EXCEPTIONS AS ADDITIONAL SUPPORT FOR POPPY BAN AND POPULATION PROGRAMS AND EVEN THEN ONLY TO EXTENT THAT INTERMEDIARIES OPERATING UNDER DIRECT AID/W-FUNDING ARRANGEMENTS CANNOT FOR SOME REASON BE EMPLOYED. AS PART

OF THE PHASEOUT WE WOULD LIKE TO SEE A RAPID DISMANTLING OF THE USAID ADMINISTRATIVE STRUCTURE AND THE GREATEST POSSIBLE REDUCTION IN AID STAFF IN TURKEY.

4. WE AGREE THAT EXISTING TECHNICAL ASSISTANCE ACTIVITIES SHOULD BE BROUGHT TO AN ORDERLY AND EFFECTIVE TERMINATION. WITH EXCEPTION OF DEVELOPMENT ADMINISTRATION TRAINING PROJECT ALL CURRENTLY APPROVED TA ACTIVITIES HAVE FINAL OBLIGATION DATES OF NO LATER THAN FY 1975. USE OF BLOCK GRANTS OR OTHER FORWARD FUNDING ARRANGEMENTS POSSIBLY WILL NEED BE CONSIDERED ONLY FOR NEW ACTIVITIES IN FYS 74 AND 75 AND/OR DEVELOPMENT ADMINISTRATION TRAINING PROJECT FOR WHICH USAID NOW WORKING WITH GOT TO DEVELOP TERMINATION PLANS. WHILE OUR GOAL SHOULD BE TO MINIMIZE AID FIELD BACKSTOPPING OF THESE ACTIVITIES AFTER FY 1975 WE WILL NEED TO PLAN PRECISELY ON HOW MUCH FIELD BACKSTOPPING WILL BE REQUIRED. (WE THINK IT CAN BE SMALL.) WE AGREE THAT FINAL DETERMINATION ON NUMBER OF PEOPLE SHOULD BE MADE AFTER WE HAVE DECIDED WHICH NEW PROJECTS WILL BE UNDERTAKEN IN FYS 74 AND 75. IN MEANTIME WE BELIEVE SOME SELECTIVE NEW ASSIGNMENTS TO USAID STAFF MAY BE NECESSARY, E.G. REPLACEMENT OF AGRICULTURE CHIEF, RECOGNIZING THAT FINAL STAFFING DECISIONS WILL BE MADE LATER AND STAFF WILL BE SMALL AFTER 1975.

5. WE BELIEVE THAT IT IS IN OUR INTEREST AS WELL AS THE TURKS' THAT THEIR RELATIONSHIPS BE MAINTAINED AND STRENGTHENED WITH INTERNATIONALLY ORIENTED DEVELOPMENT INSTITUTIONS CONCENTRATING ON DEVELOPMENT PROBLEMS FOR CONFIDENTIAL

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WHICH THE TURKS CANNOT ONLY ASSIST IN DEVELOPING TECHNOLOGIES APPLICABLE TO THE LDC'S BUT ALSO CAN DRAW ON IN FURTHERING THEIR OWN ECONOMIC PROGRESS. AA/ASIA WILL DISCUSS WASHINGTON THINKING ON THIS FURTHER WITH AMBASSADOR AND USAID DIRECTOR. ANY AID SUPPORT OF THESE EFFORTS WOULD REQUIRE THAT THEY BE IN THE CONGRESSIONALLY MANDATED AREAS OF AGENCY CONCERN, THAT THEY BE IMPLEMENTED BY INTERMEDIARIES, AND THAT THEY INVOLVE MINIMAL U.S.

MISSION MONITORING RESPONSIBILITIES. THE POSSIBLE GOT RELATIONSHIP WITH CIMMYT IS ILLUSTRATIVE OF THE KIND OF PROJECT WHICH OFFERS A POTENTIAL SIGNIFICANT INCREASE IN TURKEY'S CORN PRODUCTION AS WELL AS TEST ADAPTATION TECHNOLOGY WHICH MAY BE USEFUL TO A NUMBER OF OTHER DEVELOPING COUNTRIES. WE ALSO BELIEVE EFFORT TO ASSIST GUNAYDOGU COOPERATIVE UNION AND POSSIBLE FAMILY PLANNING ACTIVITIES COULD ALSO BE PRODUCTIVE. WE SHOULD RECOGNIZE THAT SUCH PROJECTS MIGHT INVOLVE PRE-FUNDING FOR ACTIVITIES BEYOND FY 1975, AND/OR POST FY 1975 OBLIGATIONS. BUT UNDERLYING PRINCIPLE WOULD BE THAT FUNDING

ARRANGEMENTS NORMALLY BE MADE DIRECTLY WITH INTERMEDIARIES BY AID/W ON THE BASIS OF A PLAN AND COST SHARING ARRANGEMENT WORKED OUT BETWEEN THE INTERMEDIARY AND THE GOT OR OTHER TURKISH ENTITY SUCH AS TURKISH CO-OP. AID FINANCIAL SUPPORT OF AAFLI ACTIVITIES ALREADY HAS SOME ELEMENTS OF THIS APPROACH.

6. OUR PURPOSE IS NOT, HOWEVER, TO ALTER FUNDING CHANNELS AND PROCEDURES TO PERMIT PERPETUATION OF U.S. ECONOMIC AND TECHNICAL AID TO TURKEY. TURKEY'S NEED FOR CONCESSIONAL DEVELOPMENT FINANCING IS ENDING. THE RANGE OF DEVELOPMENT ACTIVITIES, PARTIALLY AND INDIRECTLY FINANCED BY AID, WHICH WE FORESEE AS POSSIBLE IN THE POST-GRADUATE YEARS AHEAD IS LIMITED AND THEIR SCALE SMALL. THERE WILL BE NO NEED OF A USAID MISSION POST FY 75. RUSH

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